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**GENERALIZED SYSTEM OF PREFERENCES ENHANCEMENTS BENEFIT
SUB-SAHARAN AFRICA**

U.S. Trade Representative Charlene Barshefsky announced today the designation of 1,783 products for duty free treatment under the GSP program when produced in the least developed beneficiary developing countries (LDBDCs), which are predominately in Sub-Saharan Africa.

“The designation of these products will contribute toward effective and sustainable economic growth in Sub-Saharan Africa. It creates additional trade opportunities for the thirty least developed countries in Sub-Saharan Africa -- a region rich in resources and potential. We expect the least developed countries that will be in the best position to benefit from these additional opportunities are those which are undertaking serious economic reforms,” said Barshefsky. “The Administration is committed to building strong trade partnerships with Sub-Saharan Africa’s rapidly growing and reforming economies; relationships which will benefit both Africans and Americans. In an increasingly competitive global economy, the U.S. cannot afford to neglect a largely untapped market of some 600-million-plus people and the world cannot afford to see a vast region marginalized.”

Utilization of GSP by Sub-Saharan African countries has been increasing, rising from \$332 million in 1994 to \$588 million in 1996. Yet, only 0.3 % of total GSP imports come from the least developed countries while \$10.9 billion or 64% of the total GSP imports of \$16.9 billion are sourced from Asian GSP beneficiaries.

President Clinton signed a Proclamation designating these additional 1,783 products on May 30. The Proclamation also designated Cambodia as a beneficiary of the GSP program. “Cambodia’s commitment to take concrete steps toward addressing the United States’ two major concerns -- worker rights and intellectual property rights -- led to the decision to designate Cambodia as a GSP beneficiary,” said Barshefsky. “Cambodia has adopted a labor law that contains internationally recognized worker rights and has formally pledged as part of a bilateral trade agreement to enact and enforce modern intellectual property rights laws.”

Additionally, the Presidential Proclamation implemented the results of a *de minimis* waiver review of 1996 imports that exceeded competitive need limits and a review of petitions for modifications in GSP eligibility that were submitted prior to the expiration of the GSP program in July 1995.

The Generalized System of Preferences (GSP) is a program that grants duty-free treatment to specified products that are imported from more than 140 designated beneficiary countries and territories. The premise of GSP is that the creation of trade opportunities for developing countries is an effective, cost-efficient way of encouraging broad-based economic development and a key means of sustaining the momentum behind economic reform and liberalization. GSP is designed to encourage beneficiaries to eliminate or reduce significant barriers to trade in goods, services, and investment, to afford all workers internationally recognized worker rights, and to provide adequate and effective means for foreign nationals to secure, exercise and enforce exclusive intellectual property rights.

The GSP program technically expired on May 31, 1997. The Administration is proposing a multi-year renewal of the program. Said Barshefsky, "Lapses in authorization of the GSP program -- the 1995 expiration lasted for over a year -- are detrimental to the program's objectives. They create uncertainty and unpredictability which undercut the program's ability to be an incentive for investors and importers. This reduces the program's ability to be a development tool. This is why the Administration supports a multi-year reauthorization of the GSP program and will work with the Congress toward that end."

- 30 -

Note: There is a two page attachment to this press release.

**ACTIONS UNDER THE GENERALIZED SYSTEM OF PREFERENCES PROGRAM
TO ADD PRODUCTS, DESIGNATE CAMBODIA AS A GSP BENEFICIARY,
WAIVE COMPETITIVE NEED LIMITS AND ENACT OTHER MODIFICATIONS IN
THE PROGRAM**

Note: The Annexes are available on the USTR Fax Retrieval Service at (202) 395-4809

1. Expansion of GSP Product Eligibility for LDBDCs

- In its 1996 law extending the GSP program, Congress authorized the expansion of GSP for the least developed beneficiary developing countries (LDBDCs) to include up to 1,895 products not previously designated as eligible for GSP. The review resulted in the approval of 1783 of these products for GSP eligibility.
- Total imports from all LDBDCs were valued at \$5.2 billion in 1996. The expanded product list will include for the first time under GSP imports from the Sub-Saharan LDBDCs that were valued at \$2.5 billion in 1996.

2. Designation of Cambodia as an LDBDC

- The review of Cambodia for GSP eligibility focused on two major concerns--protection of worker rights and intellectual property rights.
- Cambodia has adopted a labor law that contains internationally recognized worker rights and has formally pledged as part of a bilateral trade agreement to enact and enforce modern intellectual property rights laws.
- Cambodia's commitment to take concrete steps toward addressing these concerns led to the decision to designate Cambodia as a GSP beneficiary.

3. Review of 1996 Imports

De Minimis Waivers from the Statutory Competitive Need Limit

- The President has the discretionary authority to waive the statutory competitive need limitation in cases where total U.S. imports of a product in 1996 did not exceed \$13 million.
- Imports of 79 products valued at \$153 million in 1996 were granted de minimis waivers. (See Annex I for the tariff numbers of these items.)

Redesignation of Products

- Individual countries previously excluded from GSP benefits for a particular product may be redesignated for GSP benefits if imports of the product fell below the current 1996 competitive need limitation.
- Eleven products with 1996 imports valued at \$126 million have been redesignated as GSP eligible. (See Annex II for a list of the tariff numbers of these items.)

Exclusion of Products for Exceeding the Competitive Need Limits

- In 1996 imports of 89 products from 19 countries valued at \$5.7 billion exceeded the competitive need limitation. Of these, 32 products valued at \$2.5 billion represent trade where a beneficiary country is losing GSP benefits for such products for the first time. (See Annex III for a list of these items)

4. 1995 Annual Review

Addition of New Products to the GSP Program

- As a result of the 1995 Annual GSP Review, three products with 1996 imports valued at nearly \$10 million are being added to the GSP program, effective May 31, 1997. Five requests were denied. (See Annex IV)

Waiver of Competitive Need Limits

- An individual GSP beneficiary country can lose duty-free access for a GSP product if the country accounts for more than 50 percent of total U.S. imports of that product or if the country exported more than \$75 million worth of the product to the United States in 1996. This limitation may be waived if certain conditions are met.
- Waivers were granted to 22 products with 1996 imports valued at \$1.2 billion.